

Memorandum

TO: Executive Oversight Committee

FROM: Michael J. Fischer, Cambridge Systematics, Inc.

DATE: March 13, 2003

RE: Goods Movement Reauthorization Issues for the Bay Area

Introduction

This technical memorandum is intended to help Bay Area freight stakeholders begin to focus on significant opportunities that are likely to emerge during the upcoming reauthorization of the federal surface transportation legislation. There are two major elements to the reauthorization process where stakeholders are becoming involved at this time. The first is in the identification of priority projects for prospective earmarking. This process is well underway and project proposals are due from congressional offices to the Subcommittee on Highways and Transit of the House Committee on Transportation and Infrastructure by March 14. Unfortunately, what this means is that projects that are not on this list are not likely to receive consideration for earmarking in this bill. We have reviewed a preliminary list of projects that are being submitted for the Bay Area and have identified those that have potential benefits to freight transportation. As part of the data collection tasks for the Regional Freight Study, we are trying to identify those projects that should receive priority support, because of their relationship to the significant freight network in the region. While the process for project earmarking is well underway and much of the data and analysis that will be conducted for this study will not be available until after March 14, there will be opportunities over the next several weeks to provide additional advocacy information to support projects that have been identified for potential earmarking. Therefore, one objective of this memorandum is to identify those projects on the list that have been submitted that would most benefit goods movement in the region, so that analytical resources of the study can be focused on providing additional advocacy information if appropriate.

A second element of the reauthorization process is the development of the policy and program structure that will be featured in the new bill. Both the Intermodal Surface Transportation Efficiency Act (ISTEA) and the Transportation Equity Act for the 21st Century (TEA-21) featured significant new provisions that raised the visibility and the funding opportunities for goods movement projects. But most transportation planners and policy-makers recognize that this was just a beginning and, as needs have become more clearly articulated over the last decade,

the new act will need to address freight transportation more directly. Early indications are that both the Administration's bill and the bill that will ultimately emerge from Congress are likely to feature increased attention on goods movement. Therefore, it is important for Bay Area freight stakeholders to understand where the federal program may be going and to advocate for those programs/policies that will bring the greatest benefits to the region. In light of this, it is also important to identify advocacy groups whose platforms are most closely aligned with the Bay Area's goods movement interests. This memorandum provides information that should help identify these groups.

The memorandum will start with a description of some of the likely directions that freight policy will take in the Administration's bill. This will be followed by an assessment of how the major goods movement issues in the Bay Area relate to the national program directions, and will offer some ideas as to how Bay Area stakeholders can best position themselves to take advantage of new program opportunities and what actions should be taken during the legislative debate to ensure that Bay Area interests are well represented. The memorandum will conclude with a brief discussion of major stakeholder groups/coalitions at the national level and some of the critical schedule considerations for the reauthorization process.

As we discuss the relationship of Bay Area goods movement issues and the policy directions that are emerging in the reauthorization discussion, it is important to note that there are a number of significant goods movement issues in the Bay Area, particularly those that have to do with local land use and economic development issues, that will be difficult to relate to reauthorization policy directions. Before we begin the discussion of how Bay Area goods movement priorities do align with reauthorization policy/program directions, it will be useful to give a brief summary of what some of the high priority goods movement issues are in the Bay Area to better appreciate where the nexus with the federal program does and does not exist.

Overview of Important Reauthorization Issues

At the end of this year, the TEA-21 will expire. This is the major piece of authorizing legislation for surface transportation programs in the United States and it provides for funding many significant transportation programs. It should be noted, however, that it is not the only relevant national transportation bill with significance for freight. Particularly as regards to non-surface modes (marine and aviation), there is other significant legislation. However, because of the magnitude of funding authorized by TEA-21 and its breadth of scope, its reauthorization attracts most of the attention from the transportation community.

The Administration's reauthorization bill was prepared largely by the Department of Transportation and it is currently circulating among various federal agencies, including the Office of Management and Budget. It is expected that it will be submitted to Congress in the next month or so. While the specifics of the final version of the Administration's bill will only be known after it is submitted, some themes are emerging. These include the following:

- The administration is not looking at major new sources of funding for transportation. In fact, the Administration bill is likely to take an incremental approach to authorization levels. By implication, this means that, if there are to be any new programs emphasizing freight transportation and goods movement, the funding for these programs will have to come out of existing revenue sources or come in the form of innovative finance programs.
- Freight transportation is likely to see increased emphasis in the reauthorization bill. There is clear recognition at the highest levels of U.S. DOT that freight transportation efficiency is critical to the national economy and that much remains to be done despite the gains that have come about as the result of ISTEA and TEA-21.
- Due to the high level of involvement of the private sector in the provision of freight transportation, future programs will need to emphasize more public-private partnerships, and these will require creative approaches to financing.

U.S. DOT and the Office of Freight Management and Operations at the Federal Highway Administration (FHWA) have undertaken substantial analysis and program development work on freight issues over the last several years getting ready for reauthorization. A major element of this work has been a series of workshops and listening sessions around the country. Much of what will appear in the Administration's bill reflects what came out of these listening sessions. This public outreach effort has also revealed some important issues that are likely to be part of the freight discussion in reauthorization:

- There is strong support by major stakeholder groups to preserve funding "firewalls" (particularly around the Highway Trust Fund), and this will make funding truly multimodal projects a continuing challenge.
- Many freight stakeholders support creation of dedicated freight funding categories so that freight projects can more easily obtain funding. Most states and MPOs have been skeptical of this approach unless it brings more funding. In an era of incremental funding, slicing the pie more ways is likely to meet with significant political opposition.
- There is a significant lobbying effort underway to raise the status of international gateway facilities in freight planning. This may present one of the greatest opportunities for new funding and programming approaches.

On the Hill, committees with authorization responsibilities are currently holding hearings. The Subcommittee on Highways and Transit of the House Committee on Transportation and Infrastructure has issued a call for priority projects to be submitted for earmarks in the new bill. Committee drafting of bills in private will begin shortly. Reauthorization markup sessions will likely begin sometime after the 2004 budget resolutions are submitted in May. However, the House committee leadership has stated a desire to have the House bill completed by the August recess with enactment by October 1. Given other events that are likely to occupy Congressional

attention this spring that may turn out to be an ambitious schedule. When ISTEA was reauthorized, the original act was extended a year, delaying reauthorization.

A major factor which could affect the timing of House action is the funding picture. Reports are that the House is moving aggressively to grow the highway and transit programs from \$50 billion in 2004 (\$13.4 billion higher than the Administration's proposal) to \$70 billion by 2009. The program would be financed by a menu of revenue options that could include:

- Indexing the gas tax (with a catch-up provision that would raise the gas tax in 2004);
- Eliminating ethanol exemptions;
- Recapturing interest to the Highway Trust Fund;
- Drawing down the Trust Fund balance; and
- Reducing fuel tax evasion.

A few House leaders have indicated that they would favor a one- to two-year extension of the current act if they can't get the revenue increases this year. This has led to a number of recent rumors about a delay for reauthorization. However, the process on the Hill is moving ahead with the assumption of a six-year bill to be enacted by October.

Reauthorization and Goods Movement: Possible Outcomes and Issues of Interest to the Bay Area and Northern California

The most likely freight elements for TEA-21 reauthorization consideration are as follows:

- Improvements for Intermodal Freight Financing, such as:
 - Flexibility for intermodal freight in existing federal-aid programs (e.g., CMAQ, STP);
 - Innovative Finance enhancements (e.g., TIFIA for freight);
 - More emphasis on NHS intermodal connectors; and
 - More emphasis on Gateways/Hubs either as a separate program initiative or as part of an expanded Corridors, Borders, and Gateway Program.
- Improvements in state/MPO freight planning, including public/private collaboration.
- Support for freight professional capacity building, including improvements in freight data and analytical tools.
- More emphasis on Freight Operations/Technology/Security.

All of these elements are potentially important to the Bay Area and the financing elements being considered for reauthorization are supportive of the California Global Gateways Initiative. Specific freight reauthorization changes currently being considered that present opportunities for the Bay Area are as follows:

- **Enhance eligibility and flexibility for intermodal projects** in existing federal-aid programs, such as the Congestion Mitigation and Air Quality Program (CMAQ) and the Surface Transportation Program (STP). For example, advocates have suggested greater flexibility in CMAQ to fund intermodal projects that benefit a non-attainment area, but extend well outside the primary non-attainment area or transits multiple non-attainment areas. This would create new opportunities to address air quality issues that freight modes contribute to that transit between the San Joaquin Valley and the Bay Area. A specific example of a project opportunity that could benefit from this approach would be the California Inter-regional Rail Intermodal Shuttle (CIRIS) project proposed between the Port of Oakland and the San Joaquin Valley. Currently, CMAQ has some of the greatest flexibility for funding intermodal projects that reach beyond the highway modes. This additional change would make it even more attractive for funding inter-regional projects. Others have suggested opening up the STP for intermodal freight projects similar to CMAQ. Finally, dedication of monies for intermodal connectors within the NHS or other programs has been suggested. These potential changes all present opportunities for intermodal projects serving the Bay Area.
- **Enhance Innovative Finance for Freight** – Stakeholders have suggested more flexibility in TIFIA for freight projects, such as modifying intermodal eligibility, lowering the project dollar threshold, allowing grouping of smaller projects to meet the threshold, etc. The Alameda Corridor federal loan was a forerunner for the TIFIA program, but current intermodal eligibility in the TIFIA may not have allowed for the Alameda loan for rail intermodal. Reauthorization of State Infrastructure Banks with wider intermodal eligibility has also been advocated. Association and the American Association of State Highway and Transportation Officials (AASHTO) has proposed a National Transportation Finance Bank underpinned by tax credit bonding to fund nationally significant highway and intermodal projects. Almost certainly there will be increased flexibility and possibly increased funding for various innovative finance mechanisms that should be of interest for possible application to intermodal freight projects in California, including the Bay Area. To the extent that freight projects are likely to bring the potential for revenue sources (e.g., through tolling of dedicated truck lanes, user fees for intermodal a truck staging facilities, rail improvements), greater flexibility in innovative finance provisions would be beneficial.
- **National Gateway Initiative** – A National Gateway initiative is likely to be on the reauthorization agenda and could include intermodal eligibility in existing federal programs, enhanced innovative finance mechanisms, such as TIFIA, and public/private partnerships to fund rail intermodal access to gateways and hubs. A national Gateway Initiative would be supportive of the California Global Gateways Initiative. The U.S. Chamber of Commerce and other freight stakeholders are likely to suggest pilot gateway projects in various parts of the country for reauthorization. By doing the legwork over the next several weeks to better

define the network of gateway facilities and access routes in the Bay Area and collecting information on the national significance of these facilities, Bay Area goods movement stakeholders can increase the likelihood of eligibility of a variety of landside access improvement projects for funding if this is a category of funding that becomes available.

- **Corridor and Border programs** – Various changes are being advocated in the Corridors and Borders Programs. The Coalition for America's Gateways and Corridors is advocating significantly increased funding for the programs, as well as expanding funding to include sea-port gateways (see Gateway Initiative above). The U.S. Chamber of Commerce Port and Intermodal Study is also likely to support this recommendation in their study release on March 31. There is likely to be increased focus on multi-jurisdictional issues and encouragement of new institutional mechanisms to implement these often complex multi-jurisdictional and intermodal initiatives. At present, there are no designated corridors in the Bay Area eligible for funding under the Corridor and Border program. Expanding the program to include gateways and their access routes would help the Bay Area access this funding source. But other efforts in this study should be devoted to identifying opportunities for designation of important corridors within the existing program eligibility guidelines. Opportunities for doing this and the relationship of key inter-regional corridors to Bay Area goods movement needs is discussed briefly, later in this memorandum.
- **Incentives for improved freight planning and capacity building** – Professional capacity building for planning, and freight specifically, is getting a lot of attention by the FHWA, the AASHTO, and other stakeholders, and there could be incentives in this area with reauthorization. Improved public-private collaboration, such as formation of freight advisory committees, is also getting increased attention. MTC has had such initiatives in the past and should be positioned to seek any incentive funds in this area.
- **Freight Security initiatives** – It is uncertain at this time whether TEA-21 will also provide funds for freight security. However, through Operation Safe Commerce (OCS), initial funding of \$28 million for port and intermodal supply chain security is available from the 2002 Supplemental Appropriation and \$30 million is likely in the 2003 Appropriation. Operation Safe Commerce provides funding initially to the three major load centers in the U.S. (LA/Long Beach, Seattle/Tacoma, Port Authority of NY/NJ). But future increments of OCS could be available to more load centers and intermodal supply chains. The Port of Oakland and MTC should position with key private sector entities, such as APL Shipping Lines, to compete for these monies. A solicitation notice for the first increment of money for the load centers has been issued by the Transportation Security Administration. Further, the U.S. DOT ITS Program is likely to be increasing funding for intermodal freight productivity and security technologies and could be issuing requests for operational tests.

Overview of Major Bay Area Goods Movement Issues

While it is still early in the Regional Goods Movement Study, some of the data we have already collected points to some key features of goods movement in the Bay Area that suggest directions for the reauthorization discussion. It should be noted that not all of these issues lend themselves equally well to reauthorization discussions. This will be discussed further in the following section of this memorandum.

The Bay Area is a major international gateway for trade. The Port of Oakland is the fourth leading container port in the United States. The Port of Oakland is also a leading export port in an era in which the U.S. is running a considerable balance of trade deficit. Growth of major distribution facilities for California in the San Joaquin Valley are creating new import opportunities for the Port of Oakland that will require better connectivity between the Bay Area and the Valley. The region also produces high value manufactured products that use the international air cargo facilities for export and imports of supplies. Clearly, programs in reauthorization that favor gateway improvements will be important targets for the region.

Despite declines in manufacturing share of total Bay Area employment, manufacturing job growth is still expected to be strong and will generate significant growth in goods movement demand. Bulk manufacturing industries will dominate much of these movements in terms of tonnage shipped. Manufacturing industries, including petroleum, natural gas, and allied chemical products, construction materials, and to a limited extent transportation equipment, still produce significant amounts of goods and provide important employment opportunities. This will generate demand for trucking and rail services that are both intra-regional and supportive of domestic trade routes.

Transportation-oriented jobs and jobs in the goods movement cluster are significant in the Bay Area and could provide sources of replacement jobs for certain occupational groups as manufacturing employment levels off. The goods movement industry cluster is an important source of employment to many communities. Movement away from the Bay Area reflects general trends related to wages and costs, real estate market factors, and to a limited extent, land use policies.

The Bay Area is a major consumer economy and much of the regional structure of goods movement facilities supports distribution of consumer products.

Despite its importance as an international gateway, most Bay Area goods movement is local/regional/intra-state. Based on commodity flow data, a substantial fraction of goods moved in the Bay Area measured both in terms of tonnage and value remains within the nine-county region. Most of the remainder moves to and from other parts of California. Thus, critical goods movement corridors and freight trends tend to be described in reference to the regional flows of goods. Issues, such as the improvement of east-west freight routes, tend to focus on the need to link the Bay Area with the San Joaquin Valley or East Contra Costa/ Alameda Counties with the western portions of these counties and Silicon Valley. Significant north-south goods movement

corridors, such as I-880, I-680, and U.S. 101, also tend to be especially significant for regional goods movement flows.

The Bay Area has weak links to the inland distribution network that are further hampered by major congestion on critical connector routes. The I-5 and I-80 are the two major interstate corridors that serve the Bay Area. Connections to I-80 are highly congested throughout the East Bay and the Napa/Solano area. The lack of east-west connections to I-5 (particularly in Contra Costa County and Santa Clara County) are a significant impediment. Congestion on I-580 is a major goods movement problem in the region.

Where are the Opportunities

Before launching into a discussion of the opportunities for the Bay Area in reauthorization, we should begin with an acknowledgement of some of the issues that will be difficult to connect with reauthorization discussions. The linkage between regional economic development and preservation of the goods movement industry cluster is very important, particularly in the East Bay, but there is little that is likely to emerge in reauthorization that will create opportunities for focusing directly on this issue. Likewise, the land use and real estate economics issues that are faced in the Bay Area, while common to the areas around many older cargo hubs, is thought of in Washington as more of a local issue and one that is not likely to be addressed directly in any of the new freight initiatives. There is likely to be considerable attention in the Administration's bill that will focus on facilitating multi-jurisdictional action. However, the focus will be on multi-state corridors and multi-state freight planning. The multi-jurisdictional issues that have been raised in most Bay Area goods movement discussions have mostly been confined to jurisdictions within California.

We have identified the following opportunities that should be the focus of stakeholder efforts during the reauthorization process that have the greatest likelihood of success and would bring the greatest benefit to the Bay Area.

- **Ensure the designation of at least one major interstate corridor and its supporting connector system as a high priority corridor eligible for National Corridor Development Program funding and support expansion of the Borders and Corridors program.** There are no high priority corridors in the Bay Area and this has meant no access to the one program that has produced set aside funding for goods movement. At first look, the I-80 corridor would be a logical choice, because it is the one interstate corridor that connects directly to the Bay Area counties. But we recommend that local stakeholders consider support for designation of a broadly defined high priority corridor for I-5. I-80 is clearly a corridor that interconnects the Bay Area with domestic trade routes and it is an important trade route into the Port of Oakland. A number of system deficiencies connecting to I-80, including connection at I-680 and SR-12 as well as connections within northern Alameda County and West Contra Costa County, could be made eligible for funding as part of this corridor definition.

The I-5 corridor is a less obvious choice for Bay Area support, but may provide the greatest nexus with other Bay Area regional freight issues. I-5 is the major north-south interstate route that Bay Area shippers need to access. Connections are weak throughout the Bay Area and many proposed improvements to I-80, I-580, SR-152, and other new roads are intended, ultimately, to improve this connection. Initial discussions with stakeholders suggest that I-5 may also be a route to I-40 as a preferred access route to the interior U.S., avoiding the mountain passes along I-80 and the associated seasonal travel constraints. By defining the I-5 corridor as including the critical connector routes to the Bay Area, many of the regional and inter-regional issues of linkage to the San Joaquin Valley could be addressed with Borders and Corridors funding. This would include multimodal options, such as new rail connections and services between the Valley and the Bay Area.

There is also a nascent coalition of interests that has been forming over the last 18 months to promote this corridor. In order to promote the broadest and most inclusive definition of the corridor, this group is calling itself the West Coast Corridor Coalition and emphasizing programs in the West Coast Corridor System rather than focusing on I-5 alone. The group would link all three west coast states and this could provide greater political clout in the ensuing discussions. Members of the Subcommittee on Highways and Transit of the House Committee on Transportation and Infrastructure who represent Bay Area, Oregon, and Washington communities that are located on the I-5 corridor include Brian Bard and Rick Larsen of Washington State; Earl Blumenauer of Oregon; and Mike Honda, Ellen Tauscher, and Mike Thompson of California. In addition, Patty Murray (D-WA) is the ranking member of the Senate Appropriations Committee, Subcommittee on Transportation and she has been extremely successful in getting earmarks from the Borders and Corridors program to the FAST Corridor project in the Puget Sound region and in the Cascade Gateway border region of Northwest Washington. An alliance with groups interested in I-5 could be politically beneficial to the Bay Area and could also strengthen ties to the San Joaquin Valley leadership.

Unfortunately, staff supporting the West Coast Corridor Coalition believe that they may not have a sufficiently well-defined concept or a well integrated enough coalition going into the reauthorization process to lobby effectively for a specific program. However, they may be able to lobby for corridor designation and act as a funding conduit for planning funds from the Borders and Corridors program (the West Coast Corridor Coalition has been able to obtain modest earmark funding under the Borders and Corridors allocations to the International Mobility Transportation Corridor program in Washington State). This has been an effective mechanism on the East Coast for the I-95 Corridor Coalition. The state DOTs that participate still program their own projects, but because many programs and project plans are coordinated through the Coalition, they receive higher funding priority, both at the national level and within each of the participating states.

There are various other stakeholder organizations that are actively lobbying for expansion of the Borders and Corridors program, including the Coalition for America's Gateways and Corridors. These groups are described in more detail later in this memorandum.

If Bay Area goods movement stakeholders choose to pursue a strategy that would promote priority corridor designation for either I-5 or I-80, Regional Freight Study can provide data to support a broad definition of these corridors, including incorporation of critical connector routes by providing information on the trade patterns that occur on these routes, showing the linkages to nationally significant facilities, and documenting the deficiencies that inhibit the efficient functioning of these corridors.

- **Support the development of a National Gateway Initiative.** As described above, there is growing interest in this concept, and it is likely that some version of this type of program will be incorporated in the Administration's reauthorization bill. Various proposals have been floated, including a new discretionary grant program or expansion of the existing Borders and Corridors program to include gateways. Various funding approaches have also been proposed, including a gateway fee (similar to airport facility fees) or other types of user-based fees.

As noted previously, the Bay Area includes a number of nationally significant international gateway facilities, including the three international airports and the Bay area seaports. Caltrans has designated the Port of Oakland, Oakland International Airport, San Francisco International Airport, the two Class I railroads, I-5, I-80, I-580, I-238, I-380, I-580, I-880, U.S. 101, and SR-152 as priority global gateways in the Global Gateway Development Program; and this report presents examples of a number of improvement concepts which could easily fit within a National Gateway Initiative. Essentially, any access projects that would improve efficiency of the gateways, allow for expansion, and would help maintain vital support functions could be justified under this type of program. There are a number of collateral activities that could be planned through a National Gateway Initiative that might allow the Bay Area to address some of the non-highway issues that impede the growth and health of the gateway facilities in the region. For example, a number of the corridor plans developed through the current Borders and Corridors program address economic development issues in the corridor. The types of issues addressed in the Port Services Location Study and other land use and economic development issues could potentially be address as part of a comprehensive gateway access and support plan that could be funded through a gateway initiative project.

There are many groups that Bay Area stakeholders can affiliate with to support the creation of a National Gateway Initiative and several of these are described later in this memorandum.

- **Support funding flexibility and expansion of intermodal project eligibility from existing funding categories and support expansion of innovative finance proposals.** There are really two issues that are addressed in this recommendation. The first is to provide new access to funds for non-highway projects through enhanced funding flexibility in existing categories. Most of the proposals that have been advanced in this regard are related to mechanisms for funding rail projects, but these could be applied to other types of support facilities at intermodal transfer locations (like ports and airports) in some of the more unorthodox proposals. The discussion of funding flexibility is treacherous, because it tends

to splinter freight stakeholder groups that are able to hang together on many other issues. To the extent that no new sources of revenue are developed, funding flexibility means slicing an already small pie into more pieces. Groups, such as the American Trucking Association and AASHTO, have taken a strong position on firewalls around the Highway Trust Fund and the idea of sharing this with non-highway projects is not attractive. There is less opposition to increased funding flexibility when it involves new revenue sources.

This leads to the second issue, that of expanding innovative finance programs. Most of these proposals involve some form of financing that includes revenue generated by the projects. Freight projects generally have a greater likelihood of generating revenues, because the users are businesses that generate revenue through their use of the transportation system. Thus, rail projects, barge projects, and dedicated truckways with tolling are all examples of projects that can generate revenues that can contribute to financing. The discussion of finance options for reauthorization has already laid out a number of ways that funding flexibility and new innovative finance alternatives (such as a National Transportation Finance Corporation or a National Rail Finance Corporation) could be developed to fund freight projects. Projects, such as CIRIS, proposed barge transport and truck ferries in the Bay and through the Delta to the Port of Stockton; and tolled truck-only lanes in heavy-truck corridors, such as I-80, I-101 on the Peninsula, and I-580, could all benefit from programs to expand innovative finance provisions.

- **Continue to promote short-haul intermodal rail options for addressing truck congestion issues around the Port of Oakland, the Port of Stockton, the I-580 corridor, and along SR-99 in the San Joaquin Valley.** The market, economic, and operational feasibility studies of various short-haul intermodal options that are being supported by the Port of Oakland, the Port of Stockton, Caltrans, and the San Joaquin COG, and the investigations by the railroads themselves suggest good potential for short-haul rail options in this region. A number of recent studies nationally are suggesting that greater use of rail in short-haul service can represent a viable alternative when rail capacity is available and highway rights of way are constrained. It may be possible to create or fund a demonstration/pilot project for this type of service involving public-private partnership. There are a number of stakeholder groups that are supporting proposals to allow state DOTs and MPOs to enter into partnerships with the railroads to offer publicly subsidized services and/or capital improvement programs when these clearly serve a public benefit cost-effectively. The Norfolk Southern Railroad and the CSX Railroad, working with the Mid-Atlantic states that are members of the I-95 Corridor Coalition, are currently preparing a white paper on options for financing rail freight improvements. Representative Lipinski of Illinois has been working with rail stakeholders to present new rail programs in reauthorization. Even AASHTO has released a Freight Rail Bottom Line assessing national rail freight needs and showing the value of public investment. All of these developments suggest that now may be a propitious time to promote the short-haul intermodal concept.

The strategy should be twofold with a continued push to obtain earmarking for subsidized short-haul intermodal pilot projects, as well as support for new rail finance programs and public-private partnership provisions in the reauthorization bill.

- **Support enhanced state and metropolitan planning provisions in reauthorization.** Programs to build professional capacity for freight planning in state DOTs and MPOs to better define what should be included in freight elements of long range

National Coalitions and Selected Association Positions Related to Freight

The following organizations are taking positions on freight provisions in reauthorization. As noted previously, the Bay Area stakeholders who are not already members of these organizations should consider joining or at least supporting these groups in their efforts to promote an agenda that is consistent with the general principals presented above.

- **Freight Stakeholder Coalition** – The Freight Stakeholders coalition consists of the major national associations with a stake in the future of freight transportation, including AASHTO, AMPO, the American Trucking Association, The American Association of Port Authorities, the American Association of Railroads, the U.S. Chamber of Commerce, the Intermodal Association of North America, the National Association of Manufacturers, the World Shipping Council, the National Industrial Transportation League, and the Coalition for America’s Gateways and Corridors. Most of the Coalition members have adopted a common nine point reauthorization platform on freight summarized as follows:
 1. Protect the Integrity of the Trust Funds;
 2. Dedicate funds for NHS connectors;
 3. Form a national freight advisory committee;
 4. Create a Freight Cooperative Research Program;
 5. Expand freight Planning Expertise at state and local levels;
 6. Expand Innovative Financing Tools for Freight;
 7. Increase funds for an expanded corridor/border and gateway program;
 8. Streamline environmental permitting for freight projects; and
 9. Increase funding and promote use of CMAQ for freight projects.

This is the first time that the major freight associations have adopted a common reauthorization position; they are expected to be active collectively and individually in advancing these positions during the reauthorization debate.

- **U.S. Chamber of Commerce** – Importantly, the U.S. Chamber of Commerce has two major transportation initiatives related to reauthorization and is likely to be a major force in the reauthorization process:
 1. **Americans for Transportation Mobility** – A broad coalition organized by the Chamber with an emphasis on full funding and dedication of transportation Trust Funds and environmental streamlining. This initiative goes well beyond freight.
 2. **Ports and Intermodal Freight Access** – The Chamber will release the final report of this major study of challenges to the nation’s ports and intermodal access at the end of March, and it is expected to make a number of freight policy recommendations toward reauthorization.
- **The Coalition for America’s Gateways and Corridors** – This is a broad coalition of transportation and trade organizations to encourage adequate federal investment in our nation’s intermodal freight infrastructure and technology to ensure safe, efficient, and cost-effective goods movement. Their main positions are:
 1. Increase funding for freight mobility, including \$2 billion a year for an expanded borders, corridors, and gateways program;
 2. Utilize creative funding approaches focused on innovative finance; and
 3. Establish freight mobility as a central element in national transportation policy and a key factor in state and local planning.

A copy of their latest position statements and list of members is attached to this memo.

Individual transportation associations who are members of the Freight Stakeholders Coalition also have their own association positions on freight. A few are highlighted below:

- **AASHTO** – Freight reauthorization positions are as follows:
 - Fund freight professional capacity building at state and local level;
 - Additional resources should be made available to fund intermodal connectors through increased revenue in the Highway Trust Fund and through innovative finance;
 - The Borders and Corridors Program should focus more on freight corridors;
 - Increase funding for Section 130 highway rail grade crossings; and
 - Clarify CMAQ eligibility for freight projects.

- **AMPO**

- Broaden the eligibility of freight project funding, provide incentives to attract private investment and allow port access and gateways to be eligible for the “corridors and border” program.

- **AAR** – Freight reauthorizations positions:

- Endorses the Freight Stakeholder’s nine recommendations;
- Proposes modest changes to surface transportation programs to enhance public-private rail infrastructure projects; and
- Proposes tax incentives and tax exempt treatment for private companies making investments in “Qualified intermodal Property.”

Projects

While the earmark process is well underway, the consultant team has made a quick scan of projects that have already been proposed in other forums that might be beneficial for goods movement. The two primary sources for this scan were the February 24 list of projects from MTC that have been submitted to Senator Boxer’s office for earmark requests and the improvement concepts reported in the Global Gateways report. Table 1 presents the results of the scan of the earmark project list. The project proponent, a description of the project, an indication of the type of goods movement markets served, and the potential goods movement benefits are presented in each case. The goods movement markets served are categorized in five groups:

1. **Gateway** – This is a project that improves access or other features of an international gateway facility and, thus, might ultimately be eligible for funding under a National Gateway Initiative program if not earmarked.
2. **Domestic trade corridor** – This is a project that makes improvements in a corridor that provides strong links to other U.S. destination outside of California. It may also include connectors or reliever routes associated with an interstate trade route.
3. **Inter-regional** – This is a project seeks to make improvements that primarily benefit traffic moving between the Bay Area and other regions of California (primarily between the San Joaquin Valley and the Bay Area).

**Table 1. Bay Area TEA-21 Reauthorization Earmarks
Goods Movement Beneficial Projects**

Project Sponsor	Description	Type of Goods Movement Project	How Goods Movement is Benefited
Napa County Trans. Planning Agency/ Caltrans	Jamieson Canyon Roadway Improvement SR-12 from I-80 to SR-29	Local	Will help improve truck movements for agricultural products accessing I-80 and intra-regional markets.
Contra Costa Transportation Authority	SR-4 Widening	Inter-regional	At present, I-580 is the most viable connection between truck terminals and warehouse distribution facilities in San Joaquin County and the East Bay. This would improve the potential for SR-4 to serve this inter-regional market by increasing capacity.
Contra Costa County Community Development Department	Brentwood-Tracy Expressway	Inter-regional	Same as above, but with a greater focus on connections to the developing consumer markets in the Brentwood and East Contra Costa County markets. Would also serve Brentwood agricultural freight moves to processing plants in San Joaquin Valley, as well as construction (cement) truck movements to high-growth areas.
Contra Costa County	North Richmond Circulation Projects	Local	Would improve economic development potential of industrial areas by reducing land use conflicts and providing better truck access to and from the industrial development areas.
Solano Transportation Authority, Caltrans	I-80/I-680/SR-12 Interchange	Domestic trade corridor, Gateway	This is a major connector linking I-80 to industrial areas of the East Bay, agricultural producers in Napa/Solano, the Port of Oakland, and to the major domestic trade route. It carries a high volume of trucks interchanging with I-80. The area is severely deficient and experiences significant congestion.
Solano Transportation Authority/County of Solano/City of Fairfield/City of Suisun City/City of Vacaville	Jepson Parkway (I-80 Reliever Route) and Travis AFB Improvements	Domestic trade corridor	The role of I-80 was described above. This project would help relieve I-80 from some of the burdens of local traffic in order to preserve more capacity for long haul moves.

**Table 1. Bay Area TEA-21 Reauthorization Earmarks
Goods Movement Beneficial Projects (continued)**

Project Sponsor	Description	Type of Goods Movement Project	How Goods Movement is Benefited
City of Oakland	I-880 Operational Improvements	Gateway, intra-regional	This is three different, but related projects to improve operational performance of I-880 in Oakland. The route is a major access corridor for the Port of Oakland and Oakland International Airport and experiences high volumes of truck traffic. It also provides intra-regional movement from manufacturing and warehousing facilities along the corridor.
Port of Oakland	CIRIS inland rail shuttle	Gateway, inter-regional	This project would help relieve congestion and improve truck flows moving between the San Joaquin Valley and the Port of Oakland. It could also provide greater access to the Port of Oakland for import markets in the south San Joaquin Valley improving the port's competitiveness.
Alameda CMA	East Bay SMART Corridors	Gateway, Domestic trade corridor, intra-regional	This would link various ITS elements all along I-880 to the I-80/San Pablo Avenue corridor. This is a critical truck traffic corridor providing access to the I-880 industrial and warehouse land uses, as well as the Port of Oakland and the Oakland Airport. It also provides an important link to the main interstate system at I-80. The proposal would benefit freight by improving travel time reliability for trucks in the corridor through incident management.
Alameda County Transportation Improvement Authority	I-238 widening	Gateway, inter-regional	This is a heavy truck route connecting I-580 and I-880 to eventually provide an access route to and from the Port of Oakland and the I-880 corridor businesses.

4. **Intra-regional** – This is a project that provides improvements on facilities where a high fraction of goods movement service is for movement among Bay Area counties and serves local distribution activities.
5. **Local** – This is a project that focuses primarily on solving a local goods movement problem and may also facilitate localized economic development.

Table 2 presents additional project concepts that were included in the Global Gateways Development Report. Based on this designation, it is assumed that these might be eligible for inclusion in a National Gateway Initiative.

Table 2. Additional Project Concepts Proposed in CA Global Gateways Program

Mode or Route	Deficiency Description	Improvement Concept Description
Port of Oakland	Constrained I-880 and local access to port and JIT Heavy congestion and air emissions due to truck traffic around the port area.	Replacement/reconstruction of 7th Street grade separation Test dedicated ferry service between port/airport and the Santa Clara Valley
Oakland International Airport	Limited or no access for trucks	Air Cargo (Infield) Access Road Project – Provide improved access to a new air cargo complex
I-238	Heavy congestion and weaving movements at junction with I-580 and at the I-238 to northbound I-880 interchange	Develop truck only bypass, I-580 to I-238
I-580	Congestion near Livermore; slow vehicles, weaving, westbound at junction with I-205 at Altamont Pass	Truck-only bypass, truck climbing lane
SR-152	Between U.S. 101 (Gilroy) and SR-99 moderate volume levels but a high percentage of heavy truck traffic. Accident rates along some segments are higher than state averages.	Construct new facility to increase capacity and reduce accidents between U.S. 101 and SR-156.

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Southern California
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Washington State
Department of Transportation

December 2, 2002

- The **Coalition for America's Gateways and Trade Corridors** is comprised of over 25 representative organizations, including motor carriers, railroads, ports and freight corridors that have come together to improve national freight efficiency – in short the men and women that move America's freight.
- Its **sole purpose** is to support the integrity of the Highway Trust Fund with sufficient funding in the reauthorization of TEA-21 for trade corridors and gateways.
- The imports and exports that fuel our economy are doubling every ten years and freight traffic within the U.S. borders will increase 100 percent by 2020. During that same period of time, foreign trade moving through American ports is expected to increase by 187 percent, while containerized cargo will experience an explosive 350 percent increase.
- Rapidly accelerating trade combined with domestic growth have created a \$10 trillion U.S. commodity flow that produced millions of new job opportunities and a higher standard of living for Americans.
- Since the passage of ISTEA and TEA-21, and the deregulation of the transportation industry, the cost of freight transportation as a percent of GNP has declined from 18 percent to 10 percent over 20 years. This has allowed the nation to have many years of unprecedented growth at home and to maintain and increase our competitiveness abroad. The freight efficiencies that have been accomplished may be put at risk by growing freight congestion.
- At the same time, over the last year, transportation organizations have dealt with an unprecedented security challenge that has placed new demands for greater freight mobility on an already stressed system.

Borders and Corridors Programs

- Recognizing growing freight needs, as a part of TEA-21 Congress established the National Corridor Planning and Development Program and the Coordinated Border Infrastructure Program, commonly referred to as the Borders and Corridors Program. That legislation also provided \$140 million annually for these programs.

- These programs were funded at levels far less than necessary to meet freight transportation and intermodal connector needs. **As witness to that, since the beginning of the program, requests from states and MPOs have exceeded available funds by a ratio of 15:1.**

The Coalition respectfully submits several recommendations to the Congress for consideration.

- **At least \$2 billion is needed annually to sustain economically critical freight movement.** Additional, but separate, funding for complementary public safety and security infrastructure is also needed.
- The distribution of funds should be freight specific, and there should be a justification based on freight volumes and freight-related congestion to ensure limited dollars reach freight-intensive, trade-related corridors/borders/gateways.
- The designation of entities eligible should be expanded to include other public and quasi-public organizations.
- Borders and Corridors should be redefined to address the needs of all trade gateways, not only land borders, and gateway connected trade corridors. Many gateways that handle high volumes of freight are not eligible for funding because they may not be so-called “borders.” For example, while Illinois is not a border state, one-third of the nation's freight passes through Chicago and it is the largest intermodal hub in the nation. Similarly, inland ports are also important gateways that enable the efficient movement of goods throughout the country.
- The designated “high priority” corridors eligible for funding under the Borders and Corridors Program need to be reexamined to ensure freight intensive areas can apply for funding. Currently, there are many important projects in need of funding that do not fall in one of the 43 priority corridors designated under TEA-21.

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